

SENATE BILL 315

By Gresham

AN ACT to amend Tennessee Code Annotated, Title 9,
Chapter 3, Part 4, relative to audit findings.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 9, Chapter 3, Part 4, is amended by adding the following language as a new, appropriately designated section:

(a) Each local government with one (1) or more audit findings in its annual audit shall submit a corrective action plan to the comptroller of the treasury or the comptroller's designee in a manner as prescribed by the comptroller or the comptroller's designee that addresses the actions taken or to be taken in response to each audit finding received in the annual audit. The corrective action plan must provide the name or names of the contact person or persons responsible for the corrective action, the corrective action taken or planned, and the anticipated completion date. If the local government does not agree with an audit finding, or believes corrective action is not required, the corrective action plan must state the reasons and justifications for disagreement or belief.

(b) Each local government with one (1) or more audit findings in its annual audit shall submit its annual budget to the comptroller of the treasury or the comptroller's designee immediately upon its adoption for review and approval by the comptroller or the comptroller's designee. If a local government fails to submit a corrective action plan pursuant to subsection (a), the comptroller of the treasury or the comptroller's designee shall not approve the local government's budget until the local government has submitted a corrective action plan in conformance with subsection (a), as determined by the comptroller of the treasury or the comptroller's designee.

(c)

(1) If a local government has one (1) or more uncorrected recurring findings in its annual audit for three (3) or more consecutive years, as determined by the comptroller of the treasury or the comptroller's designee, and these findings are identified as a material weakness in internal control or a material noncompliance under government auditing standards, then the sales tax revenue collected and distributed by the state to the local government may be reduced by an amount mutually agreed upon by the comptroller of the treasury, or the comptroller's designee, and the commissioner of revenue until the local government is in compliance with this section.

(2) In all cases the sales tax revenue reduction in this subsection (c) must not exceed fifteen percent (15%) of the total amount due to the local government in a fiscal year.

(3) The department of revenue shall hold in reserve the amount reduced as a penalty pursuant to this section and shall allocate the amount to the local government after the local government complies with this section, as determined by the comptroller of the treasury or the comptroller's designee.

(d) The comptroller of the treasury or the comptroller's designee, in the discretion of the comptroller or the comptroller's designee, is authorized to waive the requirements of subsections (b) and (c).

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring

it.